

**From:** nick@unknown.ne.mediaone.net@inetgw  
**To:** Microsoft ATR  
**Date:** 11/21/01 11:49am  
**Subject:** Comment on Microsoft Anti-trust resolution

To whom it may concern:

This comment is with regard to the recent reports I have read regarding Microsoft's offer to donate Microsoft technology to school systems as part of an overcharging for products settlement. As such it is indirectly related to the larger anti-trust settlement currently in progress, but I think serves to illustrate how Microsoft tends to turn penalties to its advantage.

My understanding is that Microsoft is offering to donate up to 1 billion dollars worth of Microsoft technology products to underprivileged schools as penalty in a case where it previously overcharged schools for Microsoft products. I see many problems with this settlement:

1. It is a "first hit is free" policy that entrenches Microsoft products within schools, and makes it harder for schools to move away from Microsoft and future support fees when there may be better alternatives.
2. I assume the value of the penalty is calculated on "Manufacturer's Suggested Retail Price" (MSRP) for the products, rather than what it actually costs Microsoft. I am sure you realize that it costs pennies to produce a Windows CD-ROM that is sold for hundreds. Certainly, there was a lot of research and development to produce that CD, but once that's recouped, the rest is profit. The penalty should be calculated in terms of costs to Microsoft, rather than MSRP.
3. It penalizes other manufacturers who are in competition for the education market. This includes not only companies such as Apple in the hardware and software sector, but also the Linux and Unix derived operating systems which are starting to make inroads into schools as low-cost server platforms for such things as internal web site creation and mail services.
4. If this plan goes through, the government is in effect sanctioning a monopoly power to dump products into a market in which it is competing. The effect will be to drive out competition and make the monopoly stronger, with very little cost to the monopolist.

These are what I think are the most troubling aspects of the offer. I could go on.

I'll summarize by saying that I think the offer by Microsoft is a cynical attempt to further its monopoly in the operating systems field, and drive out nascent competition (Linux) in the education field in particular. Frankly, I think it is an affront to the intelligence of the Department of Justice and the courts if it thinks neither can see through such an obvious ploy. In my opinion, the correct penalty would be to take the dollar value Microsoft has offered to disperse in Microsoft products, and have them disperse it in cash to the same schools it is offering to "help". The schools can then use the money as they best see fit: Buy Microsoft software, buy competing technology, upgrade hardware or even spend the money to improve infrastructure unrelated to technology. In this way Microsoft is penalized in a manner that is fair to it (since it has suggested the dollar amount,) the schools are helped, and Microsoft competitors are not penalized.

Thank you for considering these comments.

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